



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
801-538-5340  
801-359-3940 (Fax)  
801-538-7223 (TDD)

October 10, 2000

Jerry L. Powers  
Manager of Administration  
Cotter Corporation  
12596 West Bayaud Avenue, Suite 350  
Lakewood, Colorado 80228

Re: Replacement Surety Bond, Cotter Corporation, Papoose Mine, M/037/084, San Juan County, Utah

Dear Mr. Powers:

Thank you for responding to our September 21, 2000 letter, regarding the status of the reclamation surety for Cotter Corporation's Papoose Mine. When the United Pacific bond was replaced this spring and was sent to the School and Institutional Trust Land Administration, we did not receive a copy; therefore, we were unaware the reclamation surety bond had been replaced. Thank you for supplying us with a copy of the replacement surety bond issued by American Home Assurance Company, in the amount of \$54,000. American Home Assurance Company has an A++ (excellent) rating.

Because you now have a new surety company, we require that you also replace the existing Reclamation Contract with this Division. Using information from the existing Reclamation Contract, we have taken the liberty of partially completing a replacement Reclamation Contract for you. Please check the contract for accuracy. If correct, please complete page five, have it notarized, then return the completed contract to us. We will then attach the copy of the American Home Assurance Company surety bond to the Reclamation Contract, as Attachment B, thereby making it a complete document. We will then have our Division Director sign the Reclamation Contract and send you a copy of the fully executed Reclamation Contract for your files. At that time, we will also return the existing Reclamation Contract and documents pertaining to United Pacific Surety to you for your disposal.

If you have any questions regarding this letter or the Reclamation Contract, please contact me, Tony Gallegos or Joelle Burns at (801) 538-5286, 538-5267 or 538-5291 respectively.

Sincerely,

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
Enclosure: Partially completed Reclamation Contract  
cc: Glen Williams, Cotter Corp, Nucla, CO.  
John Blake, SITLA (ML 45609)  
M37-84-surety

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
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1594 West North Temple Suite 1210  
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**RECLAMATION CONTRACT**

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M-037-084  
(Mineral Mined) Limestone

"MINE LOCATION":  
(Name of Mine) Papoose  
(Description) 30 miles SSE of Moab,  
San Juan County, Utah

"DISTURBED AREA":  
(Disturbed Acres) 20  
(Legal Description) (refer to Attachment "A")

"OPERATOR":  
(Company or Name) Cotter Corporation  
(Address) P.O. Box 700  
28151 DD Road  
Nucla, CO 81424  
(Phone) (970) 864-7347



"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

C.T. Corporation System

8th Floor

50 West Broadway

Salt Lake City, UT 84101

(801) 364-1228

"OPERATOR'S OFFICER(S)":

Richard Cherry, President

Rich Ziegler, Exec. Vice President

"SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

American Home Assurance Company

"SURETY AMOUNT":

(Escalated Dollars)

\$54,000

"ESCALATION YEAR":

2000

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Cotter Corporation the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M-037-084 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated May 23, 1995, and the original Reclamation Plan dated May 23, 1995. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's



request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Cotter Corporation  
Operator Name

By \_\_\_\_\_  
Authorized Officer (Typed or Printed)

\_\_\_\_\_  
Authorized Officer - Position

\_\_\_\_\_  
Officer's Signature

\_\_\_\_\_  
Date

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

On the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, personally  
appeared before me \_\_\_\_\_ who being  
by me duly sworn did say that he/she, the said \_\_\_\_\_ is  
the \_\_\_\_\_ of \_\_\_\_\_  
and duly acknowledged that said instrument was signed on behalf of said company by  
authority of its bylaws or a resolution of its board of directors and said  
\_\_\_\_\_ duly acknowledged to me that said company  
executed the same.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By \_\_\_\_\_  
Lowell P. Braxton, Director

\_\_\_\_\_ Date

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

On the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_,  
personally appeared before me \_\_\_\_\_, who being  
duly sworn did say that he/she, the said \_\_\_\_\_  
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,  
State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing  
document by authority of law on behalf of the State of Utah.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires:



## ATTACHMENT "A"

Cotter Corporation  
Operator  
M-037-084  
Permit Number

Papoose  
Mine Name  
San Juan County, Utah

### The legal description of lands to be disturbed is:

19.84 acres within an area described as :

Beginning at a point 1565 feet South 32° East of the Northwest corner of Section 36, Township 29½ South, Range 24 East, Salt Lake Principle Meridian, San Juan County, Utah;

thence 130 feet South 80° East; thence 230 feet South 40° East;  
thence 230 feet South 50° West; thence 340 feet South 32° East;  
thence 30 feet North 63° East; thence 2000 feet South 27° East;  
thence 300 feet South 63° West; thence 2000 feet North 27° West;  
thence 30 feet North 63° East; thence 180 feet North 39° West;  
thence 60 feet South 87° West; thence 250 feet North 32° West;  
thence 120 feet North 37° East; thence 150 feet North 18° East;  
thence 150 feet North 42° East, to the place of beginning.

In addition, an access road has been constructed and includes another 0.16 acres falling within an area 10 feet either side of a centerline beginning 1580 feet South 56° East of the Northwest corner of Section 36, Township 29½ South, Range 24 East, Salt Lake Principle Meridian, San Juan County Utah;

thence 140 feet North 80° East; thence 120 feet North 70° East;  
thence 90 feet North 52° East; thence 90 feet North 10° East,  
where the road connects to San Juan County Road 370.

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